

CITY OF SEATTLE
Special Audit) Animal Control Fraud
King County, Washington
January 1, 1993 Through October 12, 1994

Schedule Of Findings

Our audit of the financial records of the animal control facility of the City of Seattle revealed that at least \$65,945.60 in public funds was misappropriated by the pet license supervisor during the period January 1, 1993, through October 12, 1994. There were no federal funds involved in this case. These funds were misappropriated as described below.

Recorded cash receipts were stolen. The pet license supervisor had access to the cash register at the animal control facility during the period of this loss. In addition, he prepared daily reports for the deposit of funds with the finance department. Neither the cash for deposit nor the daily reports were reconciled to the daily cash register tapes by a supervisor or other person independent of the animal control facility. Realizing the lack of independent review, the pet license supervisor simply stole money from the daily cash receipts for his own personal use. Losses were determined by comparing daily cash register tape totals to revenue amounts shown on the reports submitted to the finance department and recorded in the accounting system. The schedule below summarizes these losses:

<u>Year</u>	<u>Amount</u>
1994	\$64,407.50
1993	<u>1,538.10</u>
Total Losses	<u>\$65,945.60</u>

RCW 42.20.070 states:

Every public officer, and every other person receiving money on behalf or for or on account of the people of the state or of any department of the state government or of any bureau or fund created by law in which the people are directly or indirectly interested, or for or on account of any county, city, town or any school, diking, drainage, or irrigation district who:

- (1) Shall appropriate to his or her own use or the use of any person not entitled thereto, without authority of law, any money so received by him or her as such officer or otherwise; or
- (2) Shall knowingly keep any false account, or make any false entry or erasure in any account, of or relating to any money so received by him or her; or
- (3) Shall fraudulently alter, falsify, conceal, destroy or obliterate any such account; or
- (4) Shall willfully omit or refuse to pay over to the state, its officer or agent

authorized by law to receive the same, or to such county, city, town, or such school, diking, drainage, or irrigation district or to the proper officer or authority empowered to demand and receive the same, any money received by him or her as such officer when it is a duty imposed upon him or her by law to pay over and account for the same, shall be punished by imprisonment in a state correctional facility for not more than fifteen years.

The following internal control weaknesses allowed this misappropriation of public funds to occur and not be detected in a timely manner.

- a. There was inadequate segregation of duties in the cash receipting and daily deposit reporting functions at the animal control facility. Both functions were the sole responsibility of the pet license supervisor. In addition, there was a lack of management review of the work performed by this individual which would accomplish the same objective as a segregation of duties between two or more employees.
- b. Cash receipts were not deposited intact daily with the finance department.

We recommend the City of Seattle seek recovery of the misappropriated \$65,945.60 and related audit/investigation costs from the pet license supervisor and their insurance bonding company. We further recommend the Washington State Office of the Attorney General and the King County Prosecuting Attorney review this matter and take whatever action is deemed necessary under the circumstances. Any compromise or settlement of this claim must be approved in writing by the Attorney General and State Auditor as directed by RCW 43.09.260.

Bond coverage for all non-elected City of Seattle employees is as follows:

City of Seattle Blanket Bond
Hartford Theft, Disappearance and Destruction Provision
Policy Number PEBJK9393
\$300,000 Coverage with a \$2,500 Deductible Provision
Continuous Coverage for the Period of the Audit

We also recommend the City of Seattle review overall accounting controls, correct the weaknesses outlined above, and implement an effective system of internal control designed to ensure the protection of city assets.